

**Workiing of the sugar mill* take over
under the National Sugar Undertakings
Act, 1978**

32. SHRI VIRENDRA VERMA: With the Minister of FOOD AND CIVIL SUPPLIES be plea-ed to state:

(a) what is the outstanding amount of loans given by Government from the Sugar Development Fund/Banks to each of the eight sugar mills taken-over under the National Sugar Undertakings Act, 1978, null-wise;

(b) what is the total quantity of cane crushed by each of these mills during the last three years, yearwise and the rate of sugar recovery in each case;

(c) what is the profit/loss of each mill since their taking-over;

(d) the year for which the accounts of each of these mills as also of the Custodian General's office have been audited; and if the accounts have not been audited so far, what are the reasons therefor; and

(e) what is the cost of sugar production per quintal in each of these mills since their taking over and how does it compare with the average production cost of sugar in the country?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI AJIT PANJA): (a) No loan assistance was given to the mills in question by the Government from the Sugar Development Fund/Banks. Scheduled Banks were providing only cash credit facilities against hypothecation of the sugar stocks produced by these factories. However, loan assistance was extended by the Central Government to these factories from time to time to meet the working capital requirements etc. The present outstanding principal is Rs. 30.01 crores for all the 8 Mills on the loan account.

(b) Statement No. I is attached. [See Appendix CXXXIX, Annexure No. 6.]

(c); Statement [No. 11 is attached. (See Appendix CXXXIX, Annexure No. 7.)

(d) Statement No. III showing the latest position of the statutory audit of the mills is attached. (See below). It can be seen therefrom that the audit in respect of 7 mills in corporate sector has been completed upto 1984-85 and in 1 mill, the same is in progress. As regards the remaining one corporate sector mill i.e. R. B. N. Singh Sugar Mills, Lhaksar, there were difficulties in computing the accounts at the time of take over, and hence the delay. Attention, however, has been paid to the early completion of the audit of accounts of this Mill.

The accounts of two co-operative sector mills are audited by the co-operative auditors of the respective State Governments.

Custodian General's office does not come under the purview of statutory audit, as it is a non-commercial administrative organisation.

(e) The range of cost of production, from 1978-79 to 1984-85 seasons, per quintal of sugar, in respect of 8 denotified sugar factories is attached as Statement No. IV. (See below).

The cost of production of these factories cannot be compared with the average cost of production of sugar in the country as the cost of production of each zone in which these factories are located differ from one another.

The reasons for high cost of production in these factories are as under:—

(1) Old and worn out plants and machinery resulting in lesser recovery.

(2) Non viable capacity in respect of a few mills.

(3) Due to limited objectives of the Take Over Act, Government could not invest huge amounts required for expansion/modernisation of plants and cane development etc.

(4) Shortage of cane due to non-availability/diversion, resulting in under utilisation of capacities.

(5) High State advised cane price? paid irrespective of recovery.

Statement—III

Latest audit position of denotified sugar factories

Sl. No.	Name of the factory	Year for which Audit is completed	Remarks
1	2	3	4
1	Ajudhia	1984-85	Audit for the period from 1-10-85 to 2-12-85 i.e. date of denotification is progressing.
2	Deoria	1983-84	Audit for year 1984-85 is in progress.
3	Shree Sitaram	1983-84	Audit for year 1984-85 is in progress.
4	Keshoraipatan	1982-83	Audit for year 1983-84 & 1984-85 is in progress simultaneously.
5	Jjamata	1982-83	Audit for year 1983-84 is completed and report is likely to be received very soon. Audit for year 1984-85 is in progress.
6	Cauvery	1984-85	Audit for the period 1-10-1985 to 15-10-85 i.e. date of handover is under audit.
7	R.B.N. Singh, Lhaksar	1980-81	Audit for year 1981-82 is also completed and report is under finalisation as informed by auditors. Simultaneously 1982-83 audit has also started.
8	Seksaria, Babhanan.	1984-85	Audit for the period 1-11-85 to 13-3-86 i.e. date of denotification is progressing.

Statement - IV

Range of cost of production, from 1978-79 to 1984-85, per quintal of sugar, in respect of 8 denotified sugar factories

Sl. No.	Name of Factory	Range (Rs./Qtl.)
1	Ajudhia	235.35 to 472.01
2	Deoria	267.91 to 640.70
3	Baitalpur (Shri Sita Ram)	251.31 to 558.77
4	Keshoraipattan	253.15 to 600.74
5	Jjamata	211.55 to 464.42
6	Cauvery	269.82 to 449.43
7	Lhaksar	256.06 to 501.00
8	Babhanan	475.87 to 617.88